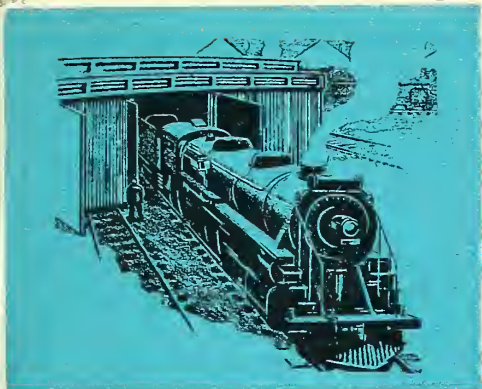


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Freight Rates and Prices

Freight Rates and Prices

*Based on a study made by the
National Association of Owners of Rail-
road and Public Utility Securities*

FREIGHT rates represent only a small part of the prices paid by the average citizen in his daily purchases. The direct effect upon prices produced by an advance in freight rates would be relatively insignificant.

Figures compiled by the Interstate Commerce Commission for 1930 provide a basis for the calculation of the total freight charges borne by various commodities in that year. While such averages are not applicable to any particular city or town, they do furnish an exact statement of what average freight charges really are. Compared with the retail prices paid, it will be seen that an advance of 15 per cent in freight rates will have only a minor effect upon prices paid by the consumer.

Freight on gasoline averaged about two cents a gallon. Only five states have a gasoline tax as low as two cents a gallon, and the average freight charge amounts to only one-third of the gasoline tax rate charged in some states. A 15 per cent advance in freight rates would increase the cost of gasoline one-third of a cent a gallon.

Average freight charges on coal during 1930 were \$2.27 per ton. A 15 per cent advance would increase this charge about thirty-four cents.

On wheat and corn the average freight paid during 1930 was eleven cents a bushel, on flour twenty-three cents a hundred pounds, on potatoes thirty cents a bushel, and on miscellaneous fresh vegetables about one and one-half cents a pound. A 15 per cent increase in freight rates would increase the price of wheat less than two cents per bushel, flour about three and one-half cents a hundred pounds, potatoes four and one-half cents a bushel, and vegetables about twenty cents a hundred pounds.

The average freight on a grapefruit was one cent, on an orange about one-half cent, and on a lemon about one-third cent. Fresh meat paid an average of seven-tenths of a cent a pound freight and dressed poultry about one and one-half cents a pound. Freight on a dozen eggs amounted to about one-third of a cent and on butter to about one and one-tenth cents a pound.

In other words, a 15 per cent increase in freight rates in many cases would amount to less than the day-to-day or week-to-week fluctuations in retail prices.

Freight rates constitute but a small part of the prices paid by consumers

for commodities, yet they furnish eighty per cent of the revenues of the railroads. The additional revenues which the railroads now seek are vitally necessary to the continuance of adequate and efficient transportation service. If the increase is not granted, all railroads will be forced to make further drastic curtailments of expenditures which could tend only to make general business worse and to prolong the depression. There would follow, within a very short time, a deterioration of railroad properties such as would make efficient and safe service impossible.

All the railroads ask is a chance to pull through and an opportunity to keep their properties in such condition as will enable them to render efficient and safe service. Upon their welfare depends much of the welfare of the nation.

